**Writing/Speaking Skills**:

* paraphrase
* write to interpret and apply information
* write to discover concepts and relationships

**Name**: Desiree Cossette **Subject Area:**  Social Studies

**Date**:July 22, 2010  **Grade Level:**  12

**Time Required:**  1 period

**Description**: Students will complete an anticipation guide stating whether they agree or disagree with a statement. They will then read the textbook using insert notes. On the following day we will review any questions from the reading, review the anticipation guide, and complete practice problems.

**Essential Questions**:

* How do comparative advantage and absolute advantage differ?
* How are division of labor and specialization connected?
* How does trade benefit countries and why is it always a win-win situation?

**Standards**:

* ELA 1, 3, and 4
* Social Studies 4

**Reading Skills**:

* set a purpose
* make connections between new and known information
* draw inferences
* synthesize information

**Thinking Skills**:

* predict
* identify and explain
* summarize
* analyze
* problem solve

**Title:**  Comparative Advantage Textbook Homework

|  |  |
| --- | --- |
| Objectives:  *At the end of the lesson, students will be able to…* | Assessments:*I will know they can do this because they will…* |
| 1. define absolute advantage, comparative advantage, division of labor, specialization | 1. complete insert notes |
| 2. identify the benefits of trade | 2. complete insert notes |
| 3. apply the concept of comparative advantage in various situations | 3. complete insert notes and practice problems |

## Pre-Reading

**Procedure before Reading**:

1. complete anticipation guide

**During Reading**

**Procedure while Reading**:

1. take insert notes on the following topics

* connection between division of labor and specialization
* definition of absolute advantage and comparative advantage
* why gains of trade occur even if one country can produce both goods more efficiently
* why specialization requires a system of monetary exchange
* why trade is always a win-win situation

## Post-Reading

**Procedure after Reading:**

1. review questions from the reading

2. review anticipation guide to see how correct their answers were

3. practice comparative advantage problems

**Learning Styles:** auditory, visual, linguistic, logical-mathematical

**Materials**:

* anticipation guide
* textbook
* comparative advantage practice problems

\*Please attach all student handouts

Comparative Advantage

Anticipation Guide

*Before you read the textbook, state whether you think the following statement is true, false or uncertain. In class on the following day, we will complete the after reading column.*

|  |  |  |
| --- | --- | --- |
| Before  Reading | Statement | After  Reading |
|  | Specialization leads to unskilled labor. |  |
|  | A country benefits from trade even if it can produce both products more efficiently. |  |
|  | Two countries do not benefit from trade unless more goods are produced. |  |
|  | Specialization works better with a monetary system. |  |
|  | The price system serves as a way to distribute goods and increase efficiency in the economy. |  |
|  | Only a market economy needs to answer the questions what to produce, how to produce, and for whom to produce |  |
|  | A market system leads to protection of the natural environment because of the incentive for the profits. |  |

Comparative Advantage

*Decide whether each of the following is an input or an output problem. Then calculate the opportunity cost of each product and identify the one that has the comparative advantage for each product.*

1. Number caught per day.

|  |  |  |
| --- | --- | --- |
|  | Deer | Antelope |
| Henry | 4 | 6 |
| John | 24 | 12 |

1. Days to produce one unit of each.

|  |  |  |
| --- | --- | --- |
|  | Cars | Planes |
| XYZ Corp. | 8 | 10 |
| QKFX Corp. | 15 | 12 |

1. Acres to produce 100 bushels.

|  |  |  |
| --- | --- | --- |
|  | Corn | Rice |
| India | 9 | 3 |
| China | 8 | 2 |

1. To produce the following from one ton of olives.

|  |  |  |
| --- | --- | --- |
|  | Cans of Olives | Bottles of Olive Oil |
| Zaire | 60 | 10 |
| Colombia | 24 | 8 |

**Problem #1**

Assume that Countries A and B have equal amounts of resources and identical technologies. Country A can produce 100 bushels of wheat or 100 yards of cloth or any combination, as shown by the line XZ in the figure below. Country B can produce 100 bushels of wheat or 300 years of cloth or any combination, as shown by the line XY in the figure below.

1. Which country has an absolute advantage in the production of wheat and which has an absolute advantage in the production of cloth? Explain how you determined your answer.
2. Which country has a comparative advantage in the production of wheat and which has a comparative advantage in the production of cloth? Explain how you determined your answer.
3. With specialization and trade, which country will import wheat? Explain why.
4. Assume that the two countries trade and that one bushel of wheat is exchanged for two yards of cloth. Explain why the country that imports wheat will gain from trade.

**Problem #2**

Assume that two countries, Atlantis and Xanadu, have equal amounts of resources. Atlantis can produce 30 cars or 10 tractors or any combination, as shown by the line MN in the figure below. Xanadu can produce 20 cars or 40 tractors or any combination, as shown by the line PQ in the figure below.

1. Which country has an absolute advantage in the production of tractors? Explain how you determined your answer.
2. Which country has a comparative advantage in the production of cars? Using the concept of opportunity cost, explain how you determined your answer.
3. If the two countries specialize and trade with each other, which country will import cars? Explain why.
4. If the terms of trade are such that one car can be exchanged for one tractor, explain how Atlantis will benefit from such trade.